

**REPORT OF THE AUDIT OF THE
TRIMBLE COUNTY
CLERK**

**For The Year Ended
December 31, 2004**



**CRIT LUALLEN
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE TRIMBLE COUNTY CLERK

**For The Year Ended
December 31, 2004**

The Auditor of Public Accounts has completed the Trimble County Clerk's audit for the year ended December 31, 2004. Based upon the audit work performed, the financial statement presents fairly in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting described in Note 1.

Financial Condition:

Excess fees decreased by \$2,275 from the prior year, resulting in excess fees of \$4,781 as of December 31, 2004. Revenues decreased by \$73,783 from the prior year and expenditures decreased by \$69,022.

Lease Obligations:

<u>Item</u> <u>Purchased</u>	<u>Monthly</u> <u>Payment</u>	<u>Term Of</u> <u>Agreement</u>	<u>Ending</u> <u>Date</u>	<u>Principal</u> <u>Balance</u> <u>December 31,</u> <u>2004</u>
Hardware	\$ 18,492	5 years	12/31/2007	<u>\$ 36,984</u>

Deposits:

The Clerk's deposits were uninsured and uncollateralized by bank securities by \$32,420 on April 5, 2004.

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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Randy K. Stevens, Trimble County Judge/Executive
Honorable Jerry Powell, Trimble County Clerk
Members of the Trimble County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the County Clerk of Trimble County, Kentucky, for the year ended December 31, 2004. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the County Clerk for the year ended December 31, 2004, in conformity with the regulatory basis of accounting.

In accordance with Government Auditing Standards, we have also issued our report dated April 25, 2005, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.



The Honorable Randy K. Stevens, Trimble County Judge/Executive
Honorable Jerry Powell, Trimble County Clerk
Members of the Trimble County Fiscal Court

This report is intended solely for the information and use of the County Clerk and Fiscal Court of Trimble County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
April 25, 2005

TRIMBLE COUNTY
JERRY POWELL, COUNTY CLERK
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2004

Revenues

State Fees For Services \$ 3,925

Fiscal Court 33,021

Licenses and Taxes:

Motor Vehicle-

Motor Vehicle Licenses \$ 196,157

Child Victim Fund 24

Usage Tax 508,969

Lien Release Fees 2,747

Tangible Personal Property Tax 550,862

Other -

Marriage 3,588

Miscellaneous Licenses 56

Other 689

Deed Transfer Tax 16,353

Delinquent Tax 27,508 1,306,953

Fees Collected for Services:

Recordings-

Deeds & Power of Attorney \$ 6,929

Real Estate Mortgages 19,213

Chattel Mortgages 31,261

Wills & Estates 280

Releases 7,095

Liens 2,123

Fixture Filing 520

Leases 128

Miscellaneous Recordings 1,328

Charges for Other Services-

Postage 915

Copywork 1,113 70,905

Other:

Miscellaneous \$ 200

Refund & Overpayments 9

Outstanding Accounts Receivable 505 714

Interest Earned \$ 346

Total Revenues \$ 1,415,864

The accompanying notes are an integral part of this financial statement.

TRIMBLE COUNTY
 JERRY POWELL, COUNTY CLERK
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2004
 (Continued)

Expenditures

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 148,332

Usage Tax 493,700

Tangible Personal Property Tax 210,248

Licenses, Taxes, and Fees-

Delinquent Tax 3,378

Legal Process Tax 9,079

Miscellaneous Licenses 46 \$ 864,783

Payments to Fiscal Court:

Tangible Personal Property Tax \$ 37,400

Delinquent Tax 1,834

Deed Transfer Tax 15,535 54,769

Payments to Other Districts:

Tangible Personal Property Tax \$ 281,170

Delinquent Tax 15,327 296,497

Payments to Sheriff 281

Payments to County Attorney 4,104

Operating Expenditures and Capital Outlay:

Personnel Services-

Deputies' Salaries \$ 92,954

Materials and Supplies-

Office Supplies 8,808

Other Charges-

Dues 1,701

Microfilming and Indexing Records 18,492

Postage 3,476

Capital Outlay-

Vehicle 4,378 \$ 129,809

The accompanying notes are an integral part of this financial statement.

TRIMBLE COUNTY
 JERRY POWELL, COUNTY CLERK
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2004
 (Continued)

Expenditures (Continued)

Debt Service:

Refunds	\$	21	
Transfer of Funds		<u>506</u>	<u>527</u>

Total Expenditures			\$	1,350,770
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Net Revenues			\$	65,094
Less: Statutory Maximum				<u>60,313</u>

Excess Fees			\$	4,781
Less: Expense Allowance				<u>3,600</u>

Excess Fees Due County for 2004			\$	1,181
Payments to Fiscal Court - February 22, 2005				<u>1,181</u>

Balance Due Fiscal Court at Completion of Audit			\$	<u><u>0</u></u>
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TRIMBLE COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2004

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

Kentucky Revised Statute (KRS) 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Clerk as determined by the audit. KRS 64.152 requires the County Clerk to settle excess fees with the fiscal court by March 15 each year.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting, revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive), at December 31, 2004 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2004 services
- Reimbursements for 2004 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2004

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

TRIMBLE COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2004
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.34 percent for the first six months and 8.48 percent for the last six months of the year. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.51 percent for the first six months and 22.08 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

The County Clerk entered into a written agreement with the depository institution and met requirements (a), (b), and (c) stated above. However, as of April 5, 2004, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$32,420 of public funds uninsured and unsecured.

TRIMBLE COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2004
(Continued)

Note 3. Deposits (Continued)

The county official's deposits are categorized below to give an indication of the level of risk assumed by the county official as of April 5, 2004.

	<u>Bank Balance</u>
FDIC insured	\$ 100,000
Collateralized with securities held by the county official's agent in the county official's name	34,104
Uncollateralized and uninsured	<u>32,420</u>
Total	<u><u>\$ 166,524</u></u>

Note 4. Lease

The office of the County Clerk was committed to a lease agreement with Software Management, Inc. for a CCLIX System as of December 31, 2004:

<u>Item</u> <u>Purchased</u>	<u>Monthly</u> <u>Payment</u>	<u>Term Of</u> <u>Agreement</u>	<u>Ending</u> <u>Date</u>	<u>Principal</u> <u>Balance</u> <u>December 31,</u> <u>2004</u>
Hardware	\$ 18,492	5 years	12/31/2007	<u><u>\$ 36,984</u></u>

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Randy K. Stevens, Trimble County Judge/Executive
Honorable Jerry Powell, Trimble County Clerk
Members of the Trimble County Fiscal Court

Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Trimble County Clerk for the year ended December 31, 2004, and have issued our report thereon dated April 25, 2005. The County Clerk's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Trimble County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Trimble County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.



Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and the Kentucky Governor's Office for Local Development, and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
April 25, 2005

